Central Excise duty on art silk processing industry

2401 SHRI M. S. GURUPADASWAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Central excise duty is levied on the art silk processing industry;

(b) whether Government have been collecting excise duty from filament fabrics and also from spun fabrics separately;

(c) whether this separate collection has resulted in loss of revenue; and

(d) whether the Maharashtra Pradesh Fabric Processing Association has made a plea for a fresh appraisal of the excise duty levy system?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Processed man-made fabrics are fully exempted from basic excise duty. However, additional excise duty in lieu of sales tax is leviable on such fabrics.

(b) and (c) No distinction is made in the rates of excise duty on synthetic fabrics on the ground that such fabrics are made of filament yarn or spun yarn.

(d) The Maharashtra Pradesh Fabric Processing Association have, in their representation, suggested that the duty leviable on synthetic fabrics may be shifted to the yarn stage.

Show cause notices issued to the North Eastern Tobacco Company

2402. DR. BAPU KALDATE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some cigarette manufacturing companies have been carrying on manufacturing business without proper licence; if so, what are their details;

(b) whether it is also a fact that several show cause notices have been served on Mizoram based North Eastern Tobacco (NET) company by Central Excise;

(c) what are the reasons for issuance of these show cause notice; and what is the outcome of these notices; and

(d) what are the reasons for not taking any penal action against the North Eastern Tobacco (NET)?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) to (d) One case relating to M/s. North Eastern Tobacco Company, Mizoram (alleged to be a dummy unit of M/s. G.T.C. Industries Ltd.) has come to the notice of the Government where the Company was manufacturing cigarettes without possessing any Central Excise manufacturing licence. M/s. North Eastern Tobacco Company manufactured and cleared without payment of duty and without possessing any Central Excise licence 881 CFC's of cigarettes during the period 5-10-87 to 31-10-87.

M/s. G.T.C. Industries Ltd. have filled a Writ Petition before the Calcutta High Court against summons and investigations by the Central Excise Officers of Shillong Collectorate. A title suit has also been filed in the Court of the Additional Deputy Commissioner (Judicial) Aizwal for declaring that the Central Excise and Salt Act, 1944 is not applicable to the territories now comprising the State of Mizoram. An injunction was obtained from the Additional Deputy Commissioner (Judicial), Aizwal against further proceedings. The Central Excise Department took up the matter before the Guwahati High Court and finally the Supreme Court, and with the permission of the Supreme Court show cause notices have been served on M/s. G.T.C. Industries Ltd., M/s North Eastern Tobacco Company and 35 others on 24-4-1988. The Supreme Court has also observed that the question of applicability of

the Central Excises and Salt Act, 1944 to Mizoram should be decided by the Guwahati High Court As per the orders of the Supreme Court final orders in respect of the Show Cause Notices can be passed but no effect can be given until further orders of the Court.

All the parties to the show cause notices have not yet filed their final replies. The matter is presently pending adjudication before the Collector of Central Excise, Shillong.

Expenditure Tax

2403. DR. BAPU KALDATE: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to implement Dr. Chelliah Committee Report on expenditure tax;

(b) whether Government have considered the replacement of Income-tax by expenditure tax; and

(c) if so, what are the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) to (c) The Government have accepted the view of the Study Group on Expenditure Tax, that total replacement of Income-tax by expenditure tax is not practical. The suggestion to base savings incentives-on the netting principle was partly accepted by the Government while introducing section 80CCA of the Income--tax Act, by the Finance Act, 1987 with effect from assessment year 1988-89, in respect of deposits in 'The National Savings Scheme, 1987' and contributions to the approved annuity plans of the Life Insurance Corporation of India.

Affairs of National Wastelands Development Board

2404 DR. BAPU KALDATE: Will the Minister of ENVIRONMENT AND FORESTS be pleased to state:

(a) whether it is a fact that several members of the National Wastelands Development Board (NWDB) have resigned;

(b) if so, what are the reasons of their resignations;

(c) whether it is also a fact that speed of the work of afforestation has not kept up and reached the target; and

(d) if so, what corrective measures have been taken for wasteland development?

THE MINISTER FOR ENVIRONMENT AND FORESTS (SHRI Z. R. ANSARI): (a) and (b) Since the setting up of the National Wastelands Development Board in May, 1985, only one member has resigned from the membership of the Board on grounds of ill-health.

(c) and (d) The progress of afforestation during the past three years has been as under:—

Year	Target (in million hectares)	Achievement (in million hectares)
1985-86 . . .	1.45	1.51
1986-87 . . .	1.71	1.76
1987-88 . . .	1.79	1.77
1988-89 . . . (Upto December 1988)	2.00	1.90

The target for 1988-89 is likely to be exceeded.